

**ST. MARY COUNCIL ON AGING, INC.**

Franklin, Louisiana

**Financial Report****Year Ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 30 2011**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The following discussion and analysis of St. Mary Council on Aging, Inc.'s (the Council) financial performance provides an overview and analysis of the Council's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. This document should be read in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The Council reported a decrease in overall net assets of \$8,929, or about 5% this year.
- Net Capital Assets of the Council decreased by \$20,758 or 22%.
- The Council's revenue, on a modified accrual basis, decreased by \$38,031 or 8%.
- Expenditures, on a modified accrual basis, decreased by \$129,576 or 23%.
- The unassigned fund balance for the Council's General Fund was \$97,974 at year-end, which is a \$6,346 increase from prior year.
- Administrative expenses increased this year by \$13,580, which is a 9% increase from last year.

### **HOW TO USE THIS ANNUAL REPORT**

The Council's annual financial report consists of six main parts:

1. Management's discussion and analysis (this section)
2. The basic financial statements (government-wide and fund)
3. Supplementary information required by GASB 34
4. Supplementary information required by GOEA
5. Auditor reports.

Government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities (on pages 11 through 13). These financial statements provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. In contrast, fund financial statements, which consist of the Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances (on pages 15 through 16), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information Required by GASB Statement 34 and GOEA that follow later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**  
**(Continued)**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views about the Council, along with notes to the financial statements.

**Government-Wide Financial Statements**

Management's analysis of the Council as a whole begins on page 4. When reading these financial statements, an important point to consider is whether the Council's finances as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities, referred to collectively as the Government-Wide Financial Statements, report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. Also, under the accrual basis, all current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements report the Council's net assets and changes in them. The Council has restricted net assets of \$21,474 which must be used for specific purposes, whereas \$89,904 of the net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other nonfinancial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. In this statement all changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will affect cash flows in future periods. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion, family caregiver support, senior citizen activities, and Medicare outreach and enrollment. Subprograms activities are also presented, in some cases, to help the reader analyze the Council's operations in more detail. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees with the intent to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, the Council does charge a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**  
**(Continued)**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole entity. In the fund financial statements, there are column presentations for a General Fund, Special Revenue Funds that have been determined to be "Major Funds," and a column for the total of all remaining Special Revenue Funds, which are deemed to be "Nonmajor Funds." Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but is believed to be important for the Council's financial statement users. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future for Council's programs. The difference between the net assets of governmental activities and the fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balance for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. These two reconciliations will facilitate the comparison between governmental activities and funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the fund financial statements and should be read before making assumptions or drawing conclusions about the Council's financial condition.

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34**

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, GASB 34 requires it to be presented as the first item in this reporting package and not with the GASB's other RSI, which is included later in this reporting package.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(MD&A)  
(Continued)

**OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information. This information will be used by GOEA to verify the accuracy of information the Council submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

**AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The following table reflects condensed information on the Council's assets, liabilities, and net assets for fiscal years 2011 and 2010:

Condensed Statement of Net Assets

	2011	2010	Increase (Decrease)
Current and other assets	\$ 119,790	\$ 117,339	\$ 2,451
Capital assets, net of depreciation	74,440	95,198	(20,758)
Total assets	<u>194,230</u>	<u>212,537</u>	<u>(18,307)</u>
Compensated absences	8,070	13,664	(5,594)
Other current liabilities	342	4,126	(3,784)
Total liabilities	<u>8,412</u>	<u>17,790</u>	<u>(9,378)</u>
Invested in capital assets, net of related debt	74,440	95,198	(20,758)
Restricted	21,474	21,585	(111)
Unrestricted	89,904	77,964	11,940
Total Net Assets	<u>\$ 185,818</u>	<u>\$ 194,747</u>	<u>\$ (8,929)</u>

As of June 30, 2011, the Council "as a whole" had assets greater than its liabilities by \$185,818 whereas at June 30, 2010 net assets were \$194,747. This is a decrease of \$8,929 or about 5% in net assets.

About 48.38% and 40.03% of the Council's total net assets are unrestricted as of June 30, 2011 and 2010, respectively. Unrestricted net assets are important because they provide the discretionary resources management will need so that it can quickly adapt to changes in the economy, emergencies, unexpected needs, and reductions in or termination of grant revenues by government agencies.

The Council restricted net assets represent 11.56% and 11.08% of the Council's total net assets as of June 30, 2011 and 2010, respectively. Net assets are reported as restricted when the constraints placed upon the asset's use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The liability for compensated absences decreased \$5,594 during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, then the amount owed at year-end will not change very much from year to year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**  
**(Continued)**

This liability could adversely affect the Council's financial position if we were to have to lay off a significant portion of our workforce. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make the payments.

The following table reflects condensed information on the Council's change in net assets:

**Condensed Statement of Activities**

	<u>2011</u>	<u>% of Total</u>	<u>2010</u>	<u>% of Total</u>
Revenues				
Program Revenues:				
Charges for services	\$ 48,363	10.97%	\$ 57,177	11.94%
Operating grants and contributions	211,294	47.92%	206,759	43.17%
General Revenues:				
Unrestricted grants and contributions	171,776	38.96%	196,848	41.10%
Other general revenues	<u>9,497</u>	<u>2.15%</u>	<u>18,177</u>	<u>3.80%</u>
Total Revenues	<u>440,930</u>	<u>100.00%</u>	<u>478,961</u>	<u>100.00%</u>
Program Expenses of the Health, Welfare, and Social Services Function				
Supportive Services	116,923	25.99%	133,137	28.13%
Nutrition Services	118,145	26.26%	121,498	25.67%
Utility Assistance	4,716	1.05%	977	0.21%
Disease prevention and health promotion	4,589	1.02%	6,205	1.31%
National family caregiver support	20,104	4.47%	26,364	5.57%
Senior center - recreation	17,783	3.95%	31,141	6.58%
Administrative expenses	<u>167,599</u>	<u>37.26%</u>	<u>154,019</u>	<u>32.54%</u>
Total expenses	<u>449,859</u>	<u>100.00%</u>	<u>473,341</u>	<u>100.00%</u>
Increase (decrease) in net assets	(8,929)		5,620	
Net assets, beginning of the year	<u>194,747</u>		<u>189,127</u>	
Net assets, end of the year	<u>\$ 185,818</u>		<u>\$ 194,747</u>	

As illustrated by the table above, the Council gets most of its revenues from operating grants and contributions that are specifically related to a program and must be used in the programs to which they relate. Unrestricted grants and contributions make up the second largest percentages of revenues and this revenue is available to management to use at its discretion. Charges for services arise from fees the Council has charged for providing a particular service and this revenue is used to pay for the expenses of the programs for which the fees were charged.

The expenses in the table have been presented by primary programs. In presenting this information, only direct program expenses are shown. The administrative expenses include all administrative expenses of the Council before any allocations were made to the various programs. Percentages have been presented for the expenses associated with each program for ease of analysis and to illustrate where the Council has spent its money this year and last year. The expense allocations are a good indication of the demand for each type of service.

The Council had an \$8,929 decrease in its net assets for FY 2011, whereas the increase in net assets for FY 2010 was \$5,620. There is a reconciliation that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances that presents an analysis of why there are differences between that particular fund financial statement and the government-wide Statement of Activities for FY 2011.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**  
**(Continued)**

**AN ANALYSIS OF GOVERNMENTAL ACTIVITIES**

Most of the Council's activities are funded by federal, state, and local grants. These grants amount to approximately 50% and 63% of the revenues of the Council in 2011 and 2010, respectively. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented 36% and 23% of the total revenues for 2011 and 2010, respectively.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. The Council's largest activities are related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of St. Mary Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.

You will also note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities.

**AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**Fund Balances**

The Council showed a combined governmental fund balance of \$119,448 (as shown on the Fund Financial Statement's balance sheet on page 15) at the end of this year, which is an increase of \$6,235 from last year.

Also note that this year the Council has implemented the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement will cause the components of the Fund Balance to be presented differently when compared to prior years.

**Revenues**

The combined fund revenues decreased \$38,031 this year, or 8% from the previous year. The main reasons for this decrease are as follows:

The Department of Transportation and Development did not provide funding this year under Section 5310, which resulted in a decrease of \$77,434. Donations increased \$35,071 this year versus last year.

**Expenditures**

Total expenditures decreased \$129,576 this year, or 23%, which is attributable to a decrease in personnel and capital outlay expenditures.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(MD&A)**  
**(Continued)**

**AN ANALYSIS OF THE GENERAL AND MAJOR SPECIAL REVENUE FUND BUDGETS**

You can find schedules of the original and amended budgets for the general and major special revenue funds in the Supplementary Financial Information Required by GASB Statement 34 section of this report beginning on page 38.

**AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the year, the Council had \$74,440 in fixed assets net of accumulated depreciation. This amounted to a net decrease of \$20,758 from last year and is attributable to depreciation expense.

We have already discussed the nature and effects of the compensated absence liability.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2012, it was important that we deliver at least the same level of service to our clients and the public as we did in 2011.

All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2012. There have been no other *significant changes* to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide those programs and levels of service next year. GOEA has also approved the Council's budget for next year.

**CONTACTING THE COUNCIL'S MANAGEMENT**

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Beverly Domengeaux, the Council's Executive Director, at the Council's main office located at Room 303 Courthouse, Franklin, LA 70538, or by phone at 337-828-4100 ext. 321.



# Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
St. Mary Council on Aging, Inc.  
Franklin, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Council on Aging, Inc., as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Council on Aging, Inc., as of June 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the St. Mary Council on Aging, Inc. has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

In accordance with *Government Auditing Standards*, we also issued a report dated August 30, 2011, on our consideration of the St. Mary Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 7 and 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Mary Council on Aging, Inc.'s financial statements as a whole. The schedule of nonmajor funds and comparative schedule of general fixed assets on pages 42 through 44 are presented for purposes of additional analysis and is not a required part of the financial statements of the St. Mary Council on Aging, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

August 30, 2011

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

ST. MARY COUNCIL ON AGING, INC.

Government Wide Statement of Net Assets  
June 30, 2011

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 30,931
Investments	62,539
Grants and contracts receivable	17,364
Prepaid expenses	8,956
Capital assets, net of accumulated depreciation	<u>74,440</u>
Total Assets	<u>194,230</u>
<b>Liabilities</b>	
Accrued compensated absences	8,070
Accrued liabilities	<u>342</u>
Total Liabilities	<u>8,412</u>
<b>Net Assets</b>	
Invested in Capital Assets, net of debt	74,440
Restricted for:	
Prepaid expenses	8,956
Utility assistance	12,518
Unrestricted	<u>89,904</u>
Total Net Assets	<u>\$ 185,818</u>

The accompanying notes are an integral part of this statement.

ST. MARY COUNCIL ON AGING, INC.

Government Wide Statement of Activities  
Year Ended June 30, 2011

	Direct Expenses	Indirect Expenses
<b>Function/Programs</b>		
<b>Governmental Activities</b>		
<b>Health, Welfare &amp; Social Services:</b>		
Supportive Services:		
Other services	\$ 7,710	\$ 3,947
Homemaker	59,163	30,288
Information and assistance	4,954	2,536
Outreach	3,420	1,751
Transportation	41,676	21,336
Nutrition Services:		
Congregate Meals	19,592	10,766
Home delivered meals	98,553	40,291
Utility Assistance	4,716	-
Disease prevention and health promotion	4,589	2,314
National family caregiver support	20,104	11,465
Multipurpose senior centers	17,783	9,878
<b>Administration</b>	<u>167,599</u>	<u>(134,572)</u>
Total governmental activities	<u>\$ 449,859</u>	<u>-</u>

	Program Revenues		Net (Expense) Revenue and Increases (Decreases) in Net Assets
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
\$ -	\$ 4,728	\$ -	\$ (6,929)
2,214	32,558	-	(54,679)
-	3,627	-	(3,863)
-	1,086	-	(4,085)
5,691	14,775	-	(42,546)
15,772	21,844	-	7,258
24,227	14,066	-	(100,551)
-	3,262	-	(1,454)
-	4,473	-	(2,430)
459	24,997	-	(6,113)
-	52,851	-	25,190
-	33,027	-	-
<u>\$ 48,363</u>	<u>\$ 211,294</u>	<u>\$ -</u>	<u>(190,202)</u>

General Revenues:

Grants and contributions not restricted to specific programs	171,776
Unrestricted investment income	47
Miscellaneous	9,450
Total general revenues and special items	<u>181,273</u>
Decrease in net assets	(8,929)
Net assets - beginning of the year	194,747
Net assets - end of the year	<u>\$ 185,818</u>

The accompanying notes are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**



ST. MARY COUNCIL ON AGING, INC.

Balance Sheet  
Governmental Funds  
June 30, 2011

	General Fund	Title III B	Title III C-2	Non-Major Funds	Total
<b>Assets</b>					
Cash	\$ 18,413	\$ -	\$ -	\$ 12,518	\$ 30,931
Investments	62,539	-	-	-	62,539
Grants and contracts receivable	17,364	-	-	-	17,364
Prepaid expenditures	8,956	-	-	-	8,956
Total Assets	<u>107,272</u>	<u>-</u>	<u>-</u>	<u>12,518</u>	<u>119,790</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accrued liabilities	342	-	-	-	342
Total Liabilities	<u>342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>342</u>
<b>Fund Balances:</b>					
Nonspendable					
Prepaid expenditures	8,956	-	-	-	8,956
Restricted for:					
Utility assistance	-	-	-	12,518	12,518
Unassigned	97,974	-	-	-	97,974
Total Fund Balances	<u>106,930</u>	<u>-</u>	<u>-</u>	<u>12,518</u>	<u>119,448</u>
Total Liabilities and Fund Balances	<u>\$ 107,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,518</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

- Compensated absences accrued are not paid for out of current financial resources and therefore are not reported in the funds	(8,070)
- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>74,440</u>
Net assets of governmental activities	<u>\$ 185,818</u>

The accompanying notes are an integral part of this statement.

ST. MARY COUNCIL ON AGING, INC.

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2011

	General Fund	Title III B	Title III C-2	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental:					
Governor's Office of Elderly Affairs	\$ 93,451	\$ -	\$ -	\$ 4,484	\$ 97,935
Cajun Area Agency on Aging, Inc.	-	56,774	14,066	51,314	122,154
Program Service Fees:					
Transportation	-	5,691	-	-	5,691
Homemaker	-	2,214	-	-	2,214
Home delivered meals	-	-	24,227	-	24,227
Congregate meals	-	-	-	15,772	15,772
Caregivers	-	-	-	459	459
Utility assistance	-	-	-	3,262	3,262
Investment income	47	-	-	-	47
Local and miscellaneous:					
Municipalities	73,000	-	-	-	73,000
United Way	47,000	-	-	-	47,000
Donations	39,719	-	-	-	39,719
Miscellaneous	9,450	-	-	-	9,450
Total Revenues	<u>262,667</u>	<u>64,679</u>	<u>38,293</u>	<u>75,291</u>	<u>440,930</u>
<b>EXPENDITURES</b>					
Health, Welfare, & Social Services					
Current:					
Personnel	16,212	124,080	91,137	49,649	281,078
Fringe	5,188	15,793	11,775	6,581	39,337
Travel	1,365	3,019	24,815	2,345	31,544
Operating Services	10,862	22,941	9,620	7,993	51,416
Operating Supplies	7,256	10,948	1,497	2,262	21,963
Other Costs	157	-	-	9,200	9,357
Total Expenditures	<u>41,040</u>	<u>176,781</u>	<u>138,844</u>	<u>78,030</u>	<u>434,695</u>
Excess (deficiency) of revenues over expenditures	<u>221,627</u>	<u>(112,102)</u>	<u>(100,551)</u>	<u>(2,739)</u>	<u>6,235</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	112,102	100,551	8,543	221,196
Transfers out	<u>(213,938)</u>	-	-	<u>(7,258)</u>	<u>(221,196)</u>
Total other financing sources (uses)	<u>(213,938)</u>	<u>112,102</u>	<u>100,551</u>	<u>1,285</u>	-
Net Increase (decrease) in fund balances	7,689	-	-	(1,454)	6,235
<b>FUND BALANCES</b>					
Beginning of the year	<u>99,241</u>	-	-	<u>13,972</u>	<u>113,213</u>
End of the year	<u>\$ 106,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,518</u>	<u>\$ 119,448</u>

The accompanying notes are an integral part of this statement.

ST. MARY COUNCIL ON AGING, INC.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2011

Net increase in fund balances - total governmental funds	\$ 6,235
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$20,758) exceeds capital outlay (\$0) in the period.	(20,758)
Governmental funds report compensated absences as expenditures only when paid and therefore the amount earned in excess of the amount paid do not require the use of current financial resources and is not reported as an expenditure in government funds.	<u>5,594</u>
Decrease in net assets of governmental activities	<u>\$ (8,929)</u>

The accompanying notes are an integral part of this statement.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of St. Mary Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

A. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in St. Mary Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services of other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) and other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

Specific services provided by the Council to the elderly residents of St. Mary Parish include providing congregate and home delivered meals, nutritional education, information and assistance, outreach, material aid, home repairs, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

B. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (LA R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies, as well as the policies and regulations established by GOEA.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The St. Mary Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. The Council incorporated under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes on October 8, 1973 and subsequently received its charter from the Governor of the State of Louisiana.

A board of directors, consisting of 10 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- All members from throughout St. Mary Parish shall be elected by the general membership at the Council's annual meeting.

Membership in the Council is open at all times, without restriction, to all residents of St. Mary Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government, nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

C. Presentation of Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

D. Basic Financial Statements - Government-Wide Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fiscal year. Intergovernmental revenues primarily support governmental activities.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. The Statements of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statements of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income and miscellaneous revenues that are not included among program revenues are reported instead as general revenues in the statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any material special items this year.

E. Basic Financial Statements - Fund Financial Statements

The fund financial statements present financial information very similar to that which was included in the general-purpose financial statements issued by governmental entities before GASB Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds. Fund accounting is designed to demonstrate legal compliance and to aid financial

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them; nonspendable, restricted, committed, assigned, and unassigned.

The following is a description of the governmental funds of the Council:

**The General Fund** is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund. The following is a description of the programs or funding sources that comprise the Council's General Fund:

**Local Programs and Funding** are revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unassigned, which means they may be used at management's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the used and disposition of fixed assets.

**PCOA (Act 735)** funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council's management may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

people (those who are at least 60 years old). In fiscal year 2011, the Council received this grant money into its General Fund and management transferred all \$37,500 of the PCOA funds to the Title III E National Family Caregiver Support Fund to help pay for that fund's program expenditures.

**Fundraisers** were held during the year by the Council's board of directors to raise more unrestricted revenue. The main fundraiser was the Harvest Moon Festival and it raised \$1,215.

**The Senior Center Fund and Supplemental Senior Center Funds** are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for costs of any program involving elderly persons who are at least 60 years old. To obtain supportive services and participate in activities which foster their independences, enhance their dignity, and encourage their involvement in and with the community, the elderly person will come to a "senior center." The senior center for St. Mary Parish is located in Franklin. During the year, management transferred all of its Senior Center (\$25,190) and Supplemental Senior Center (\$3,100) grant funds to the Title III B Fund to subsidize that program's cost of providing supportive services to elderly persons who used the senior center.

**The United Way Fund** reports assistance received from the community's regular United Appeals Activity. The funds are received upon application to the United Way Agency and are subject to monitoring by that Agency.

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "*proceeds of specific revenue sources*" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue and their classification as either a major or nonmajor governmental fund:



ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Special Revenue Funds

**The Title III B Fund** accounts for funds which are used to provide various types of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Homemaker	5,925
Information and assistance	476
Outreach	180
Public education	198
Telephoning	4,413
Transportation	4,111

There were two main sources of revenues received this year that form the basis of this fund: Grants from GOEA via CAAA for Special Programs for the Aging \_ Title III, Part B \_ Supportive Services (\$56,774) and restricted, voluntary public support from persons who actually received homemaker (\$2,214) and transportation (\$5,691) services under this program.

**The Title III C-2 Fund** is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. Using Title III C-2 funds, the Council served 58,601 meals during the year to people eligible to participate in this program.

There were two main sources of revenue received this year that form the basis of this fund: Grants from GOEA via CAAA for Special Programs for the Aging \_ Title III, Part C-2 \_ Nutrition Services (\$14,066) and restricted, voluntary contributions from the public (\$24,227), including those persons actually receiving home-delivered meal services.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major Special Revenue Funds

**Title III C-1 Fund** receives funding from United States Department of Health and Human Services through the Louisiana Governor's Office of Elderly Affairs, which "passes through" the funds to the Council. This fund is used to account for funds which are used to provide nutritional, congregate meals to the elderly in strategically located centers. During the fiscal year ended June 30, 2011, the Council served about 11,910 congregate meals and also provided 312 units of nutritional education to eligible participants.

There were two main sources of revenue received this year that form the basis of this fund: Grants from GOEA via CAAA for Special Programs for the Aging \_ Title III, Part C-1 \_ Nutrition Services (\$21,844) and restricted, voluntary contributions from those persons who received congregate meals (\$15,772).

**The Title III D Fund** is used to account for funds used for disease prevention and health promotion (wellness) activities. During the fiscal year, 15,023 units of wellness service and 291 units of medication management service were provided to eligible participants in this program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA via CAAA for Special Programs for the Aging \_ Title III, Part D \_ Disease Prevention and Health Promotion Services (\$4,473).

**The Title III E Fund** is used to account for funds used to provide services, such as; (1) information to caregivers about available services, (2) assistance to caregivers in gaining access to the services, (3) individual counseling, (4) organizational support groups, (5) caregiver training to caregivers in making decisions and solving problems relating to their caregiving roles, (6) respite care to enable caregivers to be temporarily relieved from their caregiving responsibilities, and (7) supplemental services, on a limited basis, to complement the care provided by caregivers. During the fiscal year, 46 units of information and assistance, 957 units of in home respite, 46 units of outreach, and 946 units of sitter service were provided under the Title III E program. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA via CAAA for the Title III, Part E \_ National Family Caregivers Support Program (\$24,997).

**The Energy Fund** is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of their utility bills. No indirect or administration expenses can be paid for with these funds.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**The MIPPA Fund** is used to account for funds relating to supporting outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low-Income Subsidiary (LIS) and Medicare Savings Programs (MSP) programs. The goal is to provide outreach to individuals in St. Mary Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP.

F. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Accrual Basis – Government-Wide Financial Statements (GWFS):**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Regardless of the time of related cash flows.

**Modified Accrual Basis – Fund Financial Statements (FFS):**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be "available" if they are collected within 60 days of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

H. Cash and Cash Equivalents:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

I. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectability of any receivable, management would write off the receivable as bad debt at that time.

J. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, management has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be titled to another government are recorded as a prepaid

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

expense and amortized in the Statement of Net Assets to better present the economics of this type of transaction and to keep from distorting the Council's transportation expenses in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

K. Capital Assets

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation.

Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment	5-7 years
Vehicles	5 years
Computers	3 years

When calculating depreciation, the State's guidelines assumes that capital assets will not have any salvage value.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented elsewhere in these statements.

M. Unpaid Compensated Absences

The Council's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year.

In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Council. Accordingly, no amounts have been accrued as fund liabilities as of year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences create a reconciling item between the fund and government-wide financial statement presentations.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the Government-Wide Financial Statements relative to sick leave.

N. Deferred Revenues

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amounts is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.
- Restricted net assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Council’s policy to use restricted resources first to finance its activities.

P. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the Council’s management implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of resources are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Council has a restricted fund balance of \$12,518 as of June 30, 2011, which represents the contributors' restriction of resources to be used for utility assistance.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year end.
- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose. The Council did not have any assigned resources as of year end.
- **Unassigned:** This classification is the residual fund balance of the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Q. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

R. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the



ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

S. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

T. New Accounting Pronouncement

Beginning with this fiscal year, the management has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The main financial statement effects relating to this new accounting standards are with how the components of the Council's fund balances will be presented on the fund balance sheet and on the presentation of special revenue funds on the statement of revenues, expenditures and changes in fund balances. The number of special revenue funds will be less than in previous years because of the new definition of what constitutes a special revenue fund.

U. Subsequent Events

Management has evaluated subsequent events through August 30, 2011, the date the financial statements were available to be issued. There were no events that required disclosure.

NOTE 2 REVENUE RECOGNITION

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income must be both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

The Older American Act of 1965 Title III programs operate under a performance based contract. Title III program revenue is earned by the Council based on units of service provided within the guidelines of the related programs.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH MANAGEMENT, DEPOSITS AND INVESTMENTS

The Council maintains a consolidated bank account which is available for use by all funds to deposit revenues and pay expenses. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

During the year the Council might accumulate cash in excess of its immediate needs. To maximize its revenues, the Council's management will invest the excess cash. Although it is not required by law to comply with the State of Louisiana's investment laws, the Council's management has adopted an investment policy that is intended to follow Louisiana Revised Statute 33:2955, which sets forth a list of the types of investments in which a political subdivision may invest its temporarily idle funds. Accordingly, the Council's management invested \$62,539 in Edward Jones. This type of investment complies with the state law and the Council's investment policy.

As described by Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At year-end, the combined carrying amount of the Council's cash balances on its books was \$93,470, whereas the related bank balances totaled \$102,601. The primary difference in these amounts relates to deposits made to and checks written on demand deposits accounts that have not yet cleared the bank accounts. At year-end, all of the bank balances were insured 100% by federal depository insurance.

<b>Cash &amp; Investments</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Credit Risk Category</b>
Cash:					
Capital One Bank	\$30,931	\$30,931	None	Demand	Category 1
Investments:					
Edward Jones	<u>\$62,539</u>	<u>\$62,539</u>	0.01%	Demand	Category 1
Total Cash & Investments	<u>\$93,470</u>	<u>\$93,470</u>			
Unrestricted Purpose	\$80,952				
Restricted Purpose:					
Utility Assistance	<u>12,518</u>				
Total Cash & Investments	<u>\$93,470</u>				

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 CASH MANAGEMENT, DEPOSITS AND INVESTMENTS (Continued)

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

NOTE 4 PREPAID EXPENDITURES AND EXPENSES

At year-end, prepaid expenditures in the Fund Balance Sheet consists of \$8,956 of prepaid insurance. All of the prepaid expenditures are considered current, which management expects the Council to consume and economically benefit from in the next fiscal year.

NOTE 5 GOVERNMENT GRANTS AND CONTRACTS RECEIVABLE

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

Government grants and contracts receivable at year-end consist of reimbursements for expenses incurred under the following programs:

Program	Fund	Provider	Amount
Social Services	Title III B	CAAA	\$ 6,628
Congregate Meals	Title III C-1	CAAA	2,169
Home Delivered Meals	Title III C-2	CAAA	(2,749)
Disease Prevention	Title III D	CAAA	1,025
Caregivers	Title III E	CAAA	4,062
Miscellaneous	General	Various	<u>6,229</u>
Total government grants and contracts receivable			<u>\$ 17,364</u>

NOTE 6 CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

A summary of changes in capital assets and accumulated depreciation is as follows:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital Assets				
Vehicles	\$ 191,363	\$ -	\$ -	\$ 191,363
Furniture & equipment	19,165	-	-	19,165
Subtotal	<u>210,528</u>	<u>-</u>	<u>-</u>	<u>210,528</u>
Accumulated depreciation				
Vehicles	97,797	19,359	-	117,156
Furniture & equipment	17,533	1,399	-	18,932
Subtotal	<u>115,330</u>	<u>20,758</u>	<u>-</u>	<u>136,088</u>
Net capital assets	<u>\$ 95,198</u>	<u>\$ (20,758)</u>	<u>\$ -</u>	<u>\$ 74,440</u>

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CHANGES IN CAPITAL ASSETS AND ACCUMULATED DEPRECIATION (Continued)

All the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital assets have been impaired as of year-end.

Depreciation of \$20,758 was charged to governmental activities as administrative expense for the year ended June 30, 2011.

NOTE 7 CHANGES IN LONG-TERM DEBT

The Council had long-term debt during the year related to compensated absences. The following is a schedule of the changes in long-term debt for the accrued compensated absences:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Accrued annual leave	\$ 13,664	\$ -	\$ 5,594	\$ 8,070
Total long-term debt	<u>\$ 13,664</u>	<u>\$ -</u>	<u>\$ 5,594</u>	<u>\$ 8,070</u>

NOTE 8 FUND BALANCES – FUND FINANCIAL STATEMENTS

The General Fund has \$8,956 of nonspendable funds that are to be used for prepaid expenses.

The Council also has \$12,518 of utility assistance contributions that remain unspent as of year end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

NOTE 9 BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

NOTE 10 INCOME TAX STATUS

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax. However, should the Council engage in activities unrelated to its exempt purpose, taxable income could result. The Council had no material unrelated business income for the fiscal year under audit.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the Council. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the Council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

NOTE 12 CONTINGENCIES – GRANT PROGRAMS

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

NOTE 13 ECONOMIC DEPENDENCY

The Council receives the majority of its revenue through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA), Cajun Area Agency on Aging, Inc. and the Department of Health and Human Services. The grant amounts are appropriated each year by the federal, state and local governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

NOTE 14 RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

ST. MARY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 15 RETIREMENT PLAN

The Council sponsors a defined contribution 401(k) profit-sharing plan. Employees meeting certain eligibility requirements can participate in the plan to the extent allowed under Internal Revenue Service rules. The Council did not make any contributions to the plan for the year ended June 30, 2011.

NOTE 16 INTERFUND TRANSFERS

Operating transfers to and from the various funds are as follows for the fiscal year:

	Funds transferring in:				Total
	Title III B	Title III C-2	Title III D	Title III E	
<u>Funds transferring out:</u>					
General Fund	\$ 71,812	\$ 17,952	\$ 2,430	\$ 6,113	\$ 98,307
PCOA	-	37,500	-	-	37,500
Senior Center	25,190	-	-	-	25,190
Supplemental Senior Center	3,100	-	-	-	3,100
United Way	12,000	37,841	-	-	49,841
Total General Fund	<u>112,102</u>	<u>93,293</u>	<u>2,430</u>	<u>6,113</u>	<u>213,938</u>
Special Revenue Funds:					
Non-Major Funds:					
Title III C-1	-	7,258	-	-	7,258
Total Special Revenue Funds	-	<u>7,258</u>	-	-	<u>7,258</u>
Total all funds	<u>\$ 112,102</u>	<u>\$ 100,551</u>	<u>\$ 2,430</u>	<u>\$ 6,113</u>	<u>\$ 221,196</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

NOTE 17 RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the year.

**SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34**

ST. MARY COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Budgetary fund balance, July 1	\$ 99,241	\$ 99,241	\$ 99,241	\$ -
Resources (inflows):				
Total revenues and transfers in	261,115	261,115	262,667	1,552
Amounts available for appropriation	360,356	360,356	361,908	1,552
Charges to appropriations (outflows):				
Personnel and fringe	21,400	21,400	21,400	-
Travel	1,365	1,365	1,365	-
Operating services	10,863	10,863	10,862	1
Operating supplies	7,256	7,256	7,256	-
Other costs	157	157	157	-
Transfers out	218,753	218,753	213,938	4,815
Total charges to appropriations	259,794	259,794	254,978	4,816
Budgetary fund balance, June 30	\$ 100,562	\$ 100,562	\$ 106,930	\$ 6,368



ST. MARY COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
Title III B Fund  
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Total revenues and transfers in	171,162	175,171	176,781	1,610
Amounts available for appropriation	171,162	175,171	176,781	1,610
Charges to appropriations (outflows):				
Personnel and fringe	135,691	134,098	139,873	(5,775)
Travel	2,340	2,378	3,019	(641)
Operating services	26,352	27,483	22,941	4,542
Operating supplies	6,779	11,212	10,948	264
Total charges to appropriations	171,162	175,171	176,781	(1,610)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ST. MARY COUNCIL ON AGING, INC.

Budgetary Comparison Schedule  
Title III C-2  
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Total revenues and transfers in	115,197	121,198	138,844	17,646
Amounts available for appropriation	115,197	121,198	138,844	17,646
Charges to appropriations (outflows):				
Personnel and fringe	81,491	82,177	102,912	(20,735)
Travel	21,650	26,650	24,815	1,835
Operating services	10,859	10,840	9,620	1,220
Operating supplies	1,197	1,531	1,497	34
Total charges to appropriations	115,197	121,198	138,844	(17,646)
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ -

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA**

ST. MARY COUNCIL ON AGING, INC.

Schedule of Non-Major Funds  
Year Ended June 30, 2011

	Title III C-1	Title III D	Title III E
<b>REVENUES</b>			
Intergovernmental:			
Governor's Office of Elderly Affairs	\$ -	\$ -	\$ -
Cajun Area Agency on Aging, Inc.	21,844	4,473	24,997
Utility assistance	-	-	-
Program Service fees	<u>15,772</u>	<u>-</u>	<u>459</u>
Total Revenues	<u>37,616</u>	<u>4,473</u>	<u>25,456</u>
<b>EXPENDITURES</b>			
Current:			
Personnel	19,958	5,615	24,076
Fringe	2,931	670	2,980
Travel	641	74	1,630
Operating Services	5,078	458	2,457
Operating Supplies	1,750	86	426
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>30,358</u>	<u>6,903</u>	<u>31,569</u>
Excess (deficiency) of revenues over expenditures	<u>7,258</u>	<u>(2,430)</u>	<u>(6,113)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	2,430	6,113
Transfers out	<u>(7,258)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(7,258)</u>	<u>2,430</u>	<u>6,113</u>
Net increase (decrease) in fund balances	-	-	-
<b>FUND BALANCES</b>			
Beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
End of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Energy</u>	<u>MIPPA</u>	<u>Total</u>
\$ -	\$ 4,484	\$ 4,484
-	-	51,314
3,262	-	3,262
<u>-</u>	<u>-</u>	<u>16,231</u>
<u>3,262</u>	<u>4,484</u>	<u>75,291</u>
-	-	49,649
-	-	6,581
-	-	2,345
-	-	7,993
-	-	2,262
<u>4,716</u>	<u>4,484</u>	<u>9,200</u>
<u>4,716</u>	<u>4,484</u>	<u>78,030</u>
<u>(1,454)</u>	<u>-</u>	<u>(2,739)</u>
-	-	8,543
<u>-</u>	<u>-</u>	<u>(7,258)</u>
<u>-</u>	<u>-</u>	<u>1,285</u>
(1,454)	-	(1,454)
<u>13,972</u>	<u>-</u>	<u>13,972</u>
<u>\$ 12,518</u>	<u>\$ -</u>	<u>\$ 12,518</u>

ST. MARY COUNCIL ON AGING, INC.

Comparative Schedule of General Fixed Assets  
And Changes In General Fixed Assets  
Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
General fixed assets:				
Vehicles	\$ 191,363	\$ -	\$ -	\$ 191,363
Furniture and equipment	<u>19,165</u>	<u>-</u>	<u>-</u>	<u>19,165</u>
Total general fixed assets	<u>\$ 210,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,528</u>
Investment in general fixed assets:				
Property acquired with funds from -				
Title III D	\$ 10,201	\$ -	\$ -	\$ 10,201
DOTD	150,366	-	-	150,366
Local and donated	<u>49,961</u>	<u>-</u>	<u>-</u>	<u>49,961</u>
Total investment in general fixed assets	<u>\$ 210,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,528</u>



## Darnall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

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### Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors  
St. Mary Council on Aging, Inc.  
Franklin, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Mary Council on Aging, Inc. as of and for the year ended June 30, 2011, which collectively comprise the St. Mary Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Council on Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Mary Council on Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Mary Council on Aging, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Mary Council on Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 11-1.

St. Mary Council on Aging, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit St. Mary Council on Aging, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, others within the organization and is not intended to be and should not be used by anyone other than those specified parties. However, Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Darnall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana  
August 30, 2011



ST. MARY COUNCIL ON AGING, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the St. Mary Council On Aging, Inc.'s financial statements as of and for the year ended June 30, 2011.

Deficiencies and Material Weaknesses in Internal Control - Financial Reporting

No deficiencies or material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements.

Material Noncompliance - Financial Reporting

There was one instance of noncompliance noted during the audit of the financial statements and is shown as item 11-1 in Part II below.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2011.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

11-1 Budget Variances

Finding:

In accordance with the Council's budget policy, the Title III C-2 Fund budget should be amended when actual revenues are less than the budgeted amount by more than ten percent or when actual costs are more than the budgeted amount by more than ten percent.

Cause:

The Council failed to amend the budget at the end of fiscal year June 30, 2011.

Effect:

Inaccurate budgeting counters fiscal responsibility.

Recommendation:

The Council should monitor revenues and costs for each fund and amend the budget when actual revenues are less than the budgeted amounts by more than ten percent or when actual costs are more than the budgeted amounts by more than ten percent.

**ST. MARY COUNCIL ON AGING, INC.**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2011**

**Part III Findings and Questioned Costs Relating to the Federal Programs**

This section is not applicable for the fiscal year ended June 30, 2011.

**Part IV Management Letter**

The auditor did not issue a management letter this year.

ST. MARY COUNCIL ON AGING, INC.

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011

This section is not applicable for the fiscal year ended June 30, 2011.

ST. MARY COUNCIL ON AGING, INC.

Management's Corrective Action Plan  
Year Ended June 30, 2011

Response to Findings:

11-1 Budget Variances

The Council will amend the budget whenever actual revenues are less than the budget amounts by more than ten percent or when actual expenses for a particular expense category are more than the budgeted amounts by more than ten percent.